the provincial bank of canada

annual report 1971

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highlights

as at October 31

	1971	1970	Increase %
Total Assets	**$1,416,052,504**	$1,087,940,404	30.2
Deposits	**1,291,088,481**	979,577,234	31.8
Loans	**814,790,112**	648,693,244	25.6
Balance of Revenue	**15,428,050**	12,718,399	21.3
Accumulated appropriations for losses	**14,392,751**	12,162,527	18.3
Debentures	**15,000,000**	—	—
Shareholders' Equity	**40,887,108**	35,527,058	15.1
Net earnings per share	**85¢**	74¢	15.1
Dividends paid	**59¢**	54¢	9.3

business conditions and outlook for canada

address of the president,
Mr. Léo Lavoie

Since the latest Annual General Meeting of Shareholders of the Bank, only one change has occurred in the Board of Directors. Last March, your Board has appointed Mr. Georges-Étienne Turcotte as a Director. Mr. Turcotte, a member of La Corporation des Agronomes de la Province de Québec, is General Manager of the Federation of Cooperatives of Québec. He possesses considerable business experience and is making a valuable contribution to our deliberations.

The year ends paradoxically. At a time when Canadian economic conditions on balance are favorable, the uncertainties caused by the international monetary crisis and by the new economic policy of the United States are undeniably disheartening. Also, while most economists are optimistic, businessmen tend to remain cautious.

In fact, the economic situation this year has improved compared to last. The trough of the cycle has been reached in the fall of 1970 and since then signs of renewed growth have emerged, even if the upturn has at times been hesitant. Recovery has been stimulated by significant monetary and fiscal measures.

Its driving force has been domestic consumption and — albeit to a lesser extent than last year — foreign demand. Capital spending continued to mark time. Industrial production made progress, but did not advance sufficiently to fully engage our human and capital resources, leaving too unemployed.

All things considered, the Canadian economy in 1971 seems headed for an advance in real gross national product of about 5%, bringing it when account is taken of a probable price increase of 3.5% to approximately $92 billion. This growth rate, it should be noted, exceeds that of the United States.

The Consumer Sector

This year, consumers were once again the mainstay of economic activity, a role they had abandoned last year; as noted before, they are largely responsible for the recovery. Consumers have become more optimistic; tax reductions have clearly encouraged their propensity to spend. Their purse strings have been loosened; the savings rate declined from 8.1 to 6.3% between the first and the second quarter. Credit conditions have become easier than in 1970 and consumer credit will probably show an increase of 9 to 10%. Ample liquidity has permitted the banks to contribute significantly to this result: their personal loans outstanding increased by 14% during the first seven months of 1971.

Retail sales have made a 7.8% gain during the first nine months of this year, compared to the same period of 1970. The greatest advance has been made by consumer durables: automobile sales increased by 11.4% in nine months and household appliances by 15.1%. The strong growth of the latter is largely the result of record housing starts. Total consumer spending, in current dollars, can be expected to show an increase of 8 to 9% for 1971, compared to 5.5% for 1970. The gain in real terms is even more impressive, because retail prices did not advance as much in 1971 as before.

Capital Spending

Except residential construction and public works, which have received a fillip from government measures to stimulate the economy and to reduce unemployment, investments are still in the doldrums. It is doubtful whether this summer's forecast of an 8.5% growth in private spending for machinery and equipment will materialize.

Nevertheless, corporate profits, after a sharp decline in 1970, have picked up this year in the wake of lower taxes, higher output and better productivity; they will probably show an advance of 10% over last year. Many companies have rebuilt their cash resources and are thus in a better position to finance expansion through retained earnings. Most of them, however, are still operating below capacity. Moreover, the uncertainties concerning the new economic policy of the United States and the international monetary crisis are hardly conducive to important new expansion projects by industry, for the time being at least. It is not surprising, therefore, that consumer loans of chartered banks have increased much more rapidly than business loans. On the other hand, it should be noted that primary industry and the public sector have committed themselves to large capital spending programs, which should make themselves felt during the years to come.

Capital spending in the public sector continues to rise. The expenditures of the federal government will increase this year by approximately 15%, a rate that clearly has inflationary implications. Twenty years ago, the expenditures of the three levels of government in Canada represented 26% of gross national product; this proportion has risen to

31% in 1960 and to 36% this year. Such a spectacular increase, accompanied by incessantly heavier burdens on corporate and individual tax payers, ought to prompt the authorities to keep a close watch on the priorities within their economic and social policy objectives.

Housing starts will beat all records this year, topping 220,000 and thus exceeding the goal proposed by the Economic Council of Canada. For the first eight months of the year, they have been 42% higher than last year in Canada as a whole, and 32% higher in Québec alone. This distinct recovery, following a decline in 1970, is the result, not only of higher outlays by the federal authorities, but also of an ample availability of mortgage funds. In this regard, it should be stressed that the banks have notably increased their share of total mortgage financing during recent years; they were responsible for 11% of total mortgage lending by the private sector in 1967, for 27% in 1970, and for 25% in the first half of 1971.

Foreign Trade

A different trend has emerged in our external trade: during 1971, exports have increased less rapidly than imports. For the first ten months, the former increased by 4.7% and the latter by 8.9%. It will be recalled that in 1970 exports advanced by 13% and imports turned down slightly. This reversal is in part due to the *de facto* revaluation of the Canadian dollar by about 7%. Moreover, the recovery of domestic economic activity has tended to speed up our purchases from abroad.

With all that, our balance of merchandise trade has remained favorable: as of October 31, the surplus amounted to \$1.9 billion and it is likely that this figure will top \$2 billion on December 31, compared to \$3 billion last year. This result, still very good, must be attributed to our trade with the United States. Among our large trade partners, they are the only ones to whom we have been able to export substantially more this year. This outcome is all the more remarkable because U.S. business conditions have remained indifferent, and because the higher value of the Canadian dollar, in terms of its U.S. counterpart, has created a significant obstacle. Our exports of wheat, petroleum, natural gas, automobiles and parts have been well maintained, but our shipments of ore and metals, on the other hand, have been sagging. Our trade surplus depends on a limited range of products and, for all practical purposes, on a single market; under current conditions, this situation is not reassuring. It is still too early to know what the protectionist policy of the United States will do to our foreign trade in general, although there is no doubt that our manufactured exports will be affected. Furthermore, there is reason to fear that leading exporting countries, notably Japan, whose floating currencies have drifted upwards, will look upon Canada as an outlet for products now difficult to sell on the U.S. market. Our exports in 1972 will be affected by the economic slowdown in several European countries, especially Germany.

The surplus on current account in our balance of payments, together with the weakness of the U.S. dollar, exercise upward pressure on our currency and an appreciable decline in the Canadian dollar rate during the coming months is hence unlikely. Neither is it realistic to foresee a return of the Canadian dollar to a fixed parity as long as current uncertainties have not been removed. The international poker game started by President Nixon on August 15 may well continue for some time to come.

Production and Employment

Higher domestic consumption has been accompanied by more industrial production, as became evident during the summer. The most important gains were recorded in durable goods manufacturing, in particular automobiles. Total industrial production in September was 5.4% above the level of September, 1970. Manufacturing shipments and new orders have continued to improve since then, but inventories remained very low, a sign of caution on the part of industrialists. Not all industries, by the way, have shared in this advance and manufacturing in particular is still operating at only 75% of its capacity. For instance, the pulp and paper industry in Québec is still in a depressed condition and the aluminum industry is marking time.

In spite of the upturn in production, unemployment has deteriorated. It was 6.7%, on a seasonally adjusted basis, in the middle of October; it reached this fall the highest level since the 1960-1961 recession. The figure for 1971 will probably average 6.3%, compared to 5.9% last year.

Nevertheless, about 250,000 new jobs have been created in Canada last year. Unfortunately, the increase in the labor force, specifically in the younger age brackets, exceeds new job creation. Moreover, it is customary in the early stages of an upturn for employers to increase output through increased productivity, in preference to hiring new employees.

Notwithstanding important federal and provincial programs of various kinds designed to reduce unemployment, the short-term outlook for employment is not encouraging. For several years to come, the labor force will still increase quite rapidly. Only by the mid-1970's can we expect an improvement in the labor market as a result of lower population growth and smaller increases in the labor force. Until such time arrives, these increases will be much higher than in all other industrial countries; in absolute numbers, the increase in our working population will be higher than in France and Germany combined, and in relative figures, it will be almost twice as large as in the United States. In the next few years the creation of jobs will be the greatest challenge for Canada, and especially for Québec.

Prices, Credit and Money

Prices, which rose at a somewhat slower

rate in 1970, have maintained about the same momentum this year. From October, 1970 to October, 1971 the consumer price index has risen by 3.5% and the figure for the entire year might be slightly higher. This result, partly due to the higher rate of the Canadian dollar, compares well with the achievement of the United States and all other industrial countries.

Nonetheless, the threat of inflation is not yet behind us. Although wages in industry have recently grown at a slightly lower rate, the increase is still in the neighborhood of 8 to 9%, substantially exceeding improvements in productivity. It is not possible to disregard the necessary link between wage increases and higher productivity. Efforts by industry to keep selling price increases in check must be accompanied by a tempo of wage increases in line with improvements in productivity; if the former pull ahead too fast, the unavoidable outcome is higher wages without higher purchasing power. It is perhaps appropriate to recall that the purchasing power of our money has diminished by a quarter in ten years; the Canadian dollar today is only worth 74 cents in terms of 1961 purchasing power.

Encouraging price trends, combined with the need to stimulate the economy and to reduce unemployment, led the federal government in 1970 to a relaxation of restrictive policies. This trend has been confirmed this year by the pursuit of monetary and fiscal policies of a highly expansionary character.

On the fiscal level, tax reductions and mounting current expenditures are resulting in a budget deficit of about $1 billion for this fiscal year. The increase in the money supply will be at least 15%, against 11% in 1970 and 4% in 1969. The liquidity ratio of chartered banks has stayed high: this fall, it has been around 31%. The banks have thus been able to meet the demands for credit, which increased considerably from the summer onwards: general loans rose at an annual rate of more than 18% during the first ten months of 1971, compared to 5% in 1970 and 13% in 1969.

After a period of ease in 1970 and the beginning of this year, short and long-term interest rates took a firmer tone in the spring, and then dipped again after August 15. The interest rate on three-month treasury bills fell from 5% in the fall of 1970 to 2.9% in May and 3.3% this autumn, the lowest level since 1963. Bank Rate, at 6.5% a year ago, is now 4.75%, one of the lowest in the world. The current decline in interest rates is an international phenomenon. In the United States and in Europe, it reflects the need to speed up a slowmoving economy. In Canada, it expresses the desire of monetary authorities to encourage business recovery, to fight underemployment, and to restrain the rise in the exchange value of the Canadian dollar.

Ample credit at low cost is an essential element of the expansionary economic policy pursued by Ottawa. Industry must have the means to make investments and to create jobs. This is why interest rates will probably stay low this winter. A renewal of inflation must be avoided, however; it is therefore necessary to keep a wary eye on the price barometer. If once more it signals inflationary trends, monetary authorities will surely have to revise the policies they now pursue.

The New Economic Policy of the United States

I grant that this forecast could be modified by the outcome of the current monetary crisis and by the length of the period during which the new economic policy of the United States remains in effect. This important reservation is the undercurrent of all other comments in this address.

Ultimately, the U.S. measures to bring the balance of payments in order and to keep inflation under control, will benefit Canada to the extent that they effectively restore health to the U.S. economy, bring its external disequilibrium to an end and eliminate, furthermore, the causes of international monetary disturbances. Canadians have more at stake than anybody else in a renewed expansion of the U.S. economy, without inflation or unemployment. The hard facts of geography link us to the United States and whatever affects our powerful neighbor, crosses the border through a veritable process of osmosis.

Meanwhile, the unilateral and protectionist character of these measures tends to export unemployment and deflation to Canada and constitutes a grave threat to our foreign trade and domestic economy. Such a return to protectionism could become contagious and is disquieting. If these measures were to remain in effect for long, our open economy would be more seriously affected than most other countries, except maybe Japan and Germany. We export 20% of our output and two thirds of these shipments are destined for the United States. There is reason to believe that the negotiations under way between the United States and its principal trade partners will take a long time; the problems are not only monetary, but also political, and the longer it takes to reach an agreement, the greater the danger of a trade war. It is not surprising, under the circumstances, that the Canadian business community views current developments with some suspicion and anxiety.

The 10% surtax, which affects about one quarter of our exports to the United States, or $2.5 billion, may be withdrawn gradually, product by product, on a selective basis. It is also conceivable that large scale exemptions will be agreed upon on a country-by-country basis. Finally, it is not to be excluded that the surtax might be completely withdrawn in the near future, as soon as new exchange rate parities are established. For the moment, however, uncertainty reigns and the possibilities indicated remain hypothetical.

Two other regulations could have even

more serious effects on our economy if they were to be enacted: first, the 7% investment tax credit to be granted to U.S. corporations for the purchase of machinery and equipment manufactured in the United States, and secondly, the DISC project (Domestic International Sales Corporation), giving U.S. corporations the advantage of a tax reduction on the profits of subsidiaries created specifically for export purposes. These regulations could induce certain Canadian industries, or at least some of their product divisions, to move to the United States.

The answer to this policy should surely not be retaliation, which would ultimately be self-defeating, as the Canadian and U.S. economies are intertwined. Our reaction should be positive.

Ottawa's subsidies, to the tune of $80 million, to the industries concerned, are a first step in the right direction. Obviously, they would be inadequate if the surtax would stay for a long time, and if other regulations discussed earlier would take effect. The recent tax reduction and the reduction of Bank Rate — which weakens upward pressure on the Canadian dollar — are also constructive decisions. By lowering their prime rate, the chartered banks have contributed to the success of this preventive policy.

The outcome of negotiations on monetary and trade issues during the months to come will indicate whether Canada is in need of "an agonizing reappraisal" of its economic relations with the United States, with a corresponding revision of its commercial and industrial policy.

The Outlook

As long as the fog has not cleared over the new economic policy of the United States, the current fiscal and monetary policies, which are highly expansionary, are likely to be maintained. The snag, of course, is inflation; some danger exists of price movements accelerating in the next few months. As traditional policies to restrain inflation have failed, the experiment in price, wage, and dividend controls undertaken by the United States merits close attention. If it works, the Canadian government might also consider the application of more rigorous economic stabilization policies, which would be restrictive, but which might get us out of the alternation of past "stop-and-go" policies.

The easing of credit, the decline of interest rates, the reduction of taxes, the increase of personal disposable income and higher corporate profits are all factors that will continue to sustain domestic demand. The full impact of recent stimulative fiscal and monetary policies will not be felt until 1972. Inventory build-up should encourage industrial production. Admittedly, excess capacity in industry and the troubled international situation are hardly conducive to significantly increased capital spending by manufacturers, but on the other hand, investments in the public sector continue to increase at a rapid rate. The partial erosion of our trade surplus during the year will probably continue in 1972: higher domestic activity will stimulate imports, while our export will be restrained by Europe's economic slowdown and U.S. protectionism. If a reasonably optimistic view is taken, the real growth rate of the Canadian economy might reach 5 to 5.5% in 1972. Whatever the future holds, it behooves us all to work for the growth of the Canadian economy; this is the only way to improve our collective level of living. Especially, let us avoid the fallacy of believing that our various governments are solely responsible for our welfare; every citizen has to play his part.

board of directors

Chairman of the Board
*Roland Bock, Montréal
President, Bock & Tétreau Ltée

President of the Bank and Chief Executive Officer
*Léo Lavoie, Montréal

Vice-President and General Manager
Raymond Primeau, B.Sc.A., LL.L., D.B.A., D.E.S., Montréal

Vice-President
*Cecil F. Carsley, M.B.E., Montréal
Chairman of the Board, Canvin Products Limited

Vice-President
*A.-Hervé Hébert, F.S.A., F.C.I.A., Lévis
President, Hébert, LeHouillier & Ass. Inc.

Vice-President
Lucien Massé, Ottawa
President, Société Gazifère de Hull Inc.

Marcel Bélanger, C.A., Québec
Partner, Bélanger, Dallaire, Gagnon & Company

*Hervé Belzile, C.A., Montréal
President, Alliance Mutual Life Insurance Company

Benoit Benoit, Saint-Hyacinthe
Chairman of the Board, La Compagnie d'Assurance Générale de Commerce

Rodolphe Casgrain, Montréal
President, Casgrain & Company Limited

Roland Chagnon, C.A., Montréal
President, Lallemand Inc.

Charles-E. Demers, Eng., Québec
President, Komo Construction Inc.

Paul-A. Dionne, Montréal
Chairman of the Board, Dionne Limitée

Charles-J. Gélinas, Q.C., Montréal
Partner, Messrs. Gélinas, Bourque, Benoit, Bélanger & Lortie

J.-G. Hamelin, Montréal
Managing director of l'Union Régionale de Montréal des Caisses Populaires Desjardins

Paul-H. Plamondon, Québec
Chairman of the Board, La Mutuelle S.S.Q.

J.-Olier Renaud, Q.C., Montréal
Partner, Messrs. Renaud & Renaud

*Alfred Rouleau, Lévis
President, Desjardins Mutual Life Assurance Company and of La Sauvegarde

Geo.-E. Turcotte, Montréal
General Manager, Federation of Cooperatives of Québec

*Antoine Turmel, Sherbrooke
Chairman of the Board, Provigo Inc.

**Executive Committee Member*

executive officers of the bank

President and Chief Executive Officer
Léo Lavoie

Vice-President and General Manager
Raymond Primeau

Assistant General Managers
Maurice Bigras
Georges Fortin
Michel Lavoie
Jean Machabée
Antonio Malfara
Gilles Mercure
Léon Pilon

Secretary General
René Cousineau

Superintendents
Haig Croubalian, International Division
Robert Savard, Data Processing

Representative in United States
Armand Fournel, New York

Department Heads
Roland Béland, Securities
Michel Bellerose, Credit (Québec)
Gaston Bertrand, Public Relations
Herbert Byleveld, Corporate Development
Alcide Dalpé, Systems
Gaston Gauthier, Legal
Roger Gauthier, Mortgage Loans
Georges Lachance, Bank Premises
Richard Lapointe, Accounting
Henry Mhun, Economic Research
André Pasquin, International Division
Bernard Pellerin, Internal Auditing
Claude Primeau, Personnel
Léon Pronovost, Security
Henri Richard, Inspection
Raymond Séguin, Data Processing
Lucien Tanguay, Investments
Réal Tardif, Marketing
Robert Teasdale, Administration
Roland Vadeboncoeur, Credit
Paul Villers, Budget Loans

Regional Supervisors
Berthier Bélanger, Maritimes
Rhéul Brunelle, Eastern Townships-St. Maurice
Grégoire Doyon, Québec
Lawrence Labonté, St. Lawrence Valley
Gérard Lacerte, Laurentians-Ottawa
François Lapierre, Montréal
Napaul Poisson, Windsor, Ontario
Gilles Roch, Montréal-des-Prairies

minutes

Minutes of the seventy-first annual general meeting of the Shareholders of The Provincial Bank of Canada, held at the Queen Elizabeth Hotel, 900 Dorchester Blvd. West, Montréal (Canada), on the 14th of December, 1971, at three thirty o'clock in the afternoon.

The President, Mr. Léo Lavoie, occupied the chair.

The Chairman appointed Mr. René Cousineau as Secretary of the meeting, and Messrs. Henri-Paul Lemay and Pierre Bourque as Scrutineers, and their nomination was approved unanimously by the meeting.

The Secretary then read the notice calling the meeting and an affidavit concerning publication of said notice.

At the request of the Chairman, the Scrutineers confirmed, for record purposes, that there was a quorum.

The minutes of the last annual general meeting having been sent to all Shareholders were taken as read on a motion of Mr. Jean Desrosiers, C.A., seconded by Mr. Bernard Palevsky, and unanimously adopted.

Directors' Report
Following this, the Secretary read the report of the Directors:

"Your directors have pleasure in presenting the Bank's annual statement for the year ended October 31, 1971, containing the statement of assets and liabilities of the Bank and Pro-Can Realties Limited as at October 31, 1971, the statement of revenue, expenses and undivided profits, the statement of accumulated appropriations for losses, and of the rest account for the latest financial year.

During the year, ten new branches were opened and one agency was converted into a branch, while one branch and thirteen agencies were closed. As at October 31, 1971, the Bank had 263 branches and 47 agencies.

All branches and agencies were inspected by the Inspection Department of the Bank and the cash and securities at Head Office were verified.

The Shareholders' auditors, Messrs. Guy Chabot, C.A., and Godfrey Gourdeau, C.A., audited the Bank's records and those of Pro-Can Realties Limited, a company controlled by the Bank, and their reports are appended to each statement.

Your Directors express their appreciation to the officers and staff of the Bank for the loyal co-operation they have shown in the discharge of their duties.

For the Board of Directors,
(signed) Léo Lavoie,
President.
Montréal, December 14, 1971."

The Shareholders having already received copies of the financial statements for the fiscal year ended October 31, 1971, it was proposed by Mr. Timothy R. Carsley, seconded by Mr. Roch Grenache, and unanimously resolved that they be considered as read and adopted.

The President, Mr. Léo Lavoie, then commented on the Canadian economy and subsequently, called upon Mr. Raymond Primeau, Vice-President and General Manager, to present the financial statements.

On a motion of Mr. Léo Lavoie, seconded by Mr. Roland Bock, the report of the Directors was unanimously adopted.

The Scrutineers reported that the number of shares represented by Shareholders present at the meeting was 215,759 and that the number of shares represented by proxy was 2,807,166, forming a total of 3,022,925 or 58.1% of the capital stock.

Appointment of Auditors
It was moved by Mr. Fernand Houle, seconded by Mr. Jean-Yves Gélinas, that Messrs. Guy Chabot, C.A., of Raymond, Chabot, Martin, Paré & Associés, and Paul Gingras, C.A., of Gingras, Normandeau, Côté, Tremblay & Associés, be appointed Auditors for the ensuing year, that their remuneration be not more than $23,000 and that their fees be divided between them in proportion to the time they will have devoted to the Bank's business.

Appointment of Proxies for Pro-Can
It was also moved by Mr. Jean-Paul Labelle, seconded by Mr. Jean-Paul Corbeil, that in accordance with the Bank Act, Mr. Léo Lavoie, or failing him, Mr. Roland Bock, or failing him, Mr. C.F. Carsley, be appointed to act as proxy for the Bank at any and all meetings of the Shareholders of Pro-Can Realties Limited, a corporation controlled by the Bank.

Upon receiving the Scrutineers' report, the Chairman declared these two motions carried unanimously.

Amendment to Shareholders' By-Law No. 7
The Chairman then explained the nature of the amendment suggested to Shareholders' By-Law No. 7.

Mr. Aimé Arvisais moved, seconded by Mr. Donat Sicotte, that clause (a) of By-Law No. 7 of the Shareholders' By-Laws be amended by striking therefrom the words: hundred thousand dollars and substituting therefor the words: hundred and fifty thousand dollars.

The Scrutineers submitted their report and the Chairman declared this amendment unanimously adopted.

Election of Directors
The meeting then proceeded with the election of Directors. It was moved by Mr. Jean-Marie Chabot, seconded by Mr. Marcel Hogue, that the following Shareholders be elected Directors for the ensuing year, that a vote be taken for their election and that a single ballot be cast if there were no other names proposed: Messrs. Marcel Bélanger, C.A., Hervé Belzile, C.A., Benoit Benoit, Roland Bock, C.F. Carsley, M.B.E., Rodolphe Casgrain, Roland Chagnon, C.A., Charles-E. Demers, Eng., Paul-A. Dionne, Charles-J. Gélinas, Q.C., J.-G. Hamelin, A.-Hervé Hébert, F.S.A., F.C.I.A., Léo Lavoie, Lucien Massé, C.A., Paul-H. Plamondon, Raymond Primeau, B.Sc.A., LL.L., D.B.A., D.E.S., J.-Olier Renaud, Q.C., Alfred Rouleau, Geo.-E. Turcotte and Antoine Turmel.

No other names being proposed and upon receiving the Scrutineers' report, the Chairman declared the above-mentioned Shareholders elected to the Board of Directors for the current year.

At the meeting of the Board of Directors held subsequently to the meeting of Shareholders, the following officers were elected for the coming year:

Chairman of the Board:
Mr. Roland Bock.

President of the Bank and Chief Executive Officer: Mr. Léo Lavoie.

Vice-Presidents: Messrs. C.F. Carsley, A.-Hervé Hébert, Lucien Massé and Raymond Primeau.

financial statements at october 31, 1971

statement of assets and liabilities

as at October 31, 1971

assets	1971	1970
Cash and due from banks	**$ 224,115,779**	$ 66,825,205
Cheques and other items in transit, net	**25,178,364**	41,366,195
	249,294,143	108,191,400
Securities issued or guaranteed by Canada, at amortized value	**173,531,375**	151,158,581
Securities issued or guaranteed by provinces, at amortized value	**37,578,989**	42,280,621
Other securities, not exceeding market value	**71,575,206**	65,614,376
	282,685,570	259,053,578
Day, call and short loans to investment dealers and brokers, secured	**51,621,343**	45,859,586
Other loans, including mortgages, less provision for losses	**763,168,769**	602,833,658
	814,790,112	648,693,244
Bank premises at cost, less amounts written off	**11,890,566**	10,672,866
Securities of and loans to a corporation controlled by the Bank	**3,978,426**	3,108,322
Customers' liability under acceptances, guarantees and letters of credit, as per contra	**51,725,408**	57,086,844
Other assets	**1,688,279**	1,134,150
	$1,416,052,504	$1,087,940,404

Auditors' report to the shareholders

We have examined the statement of assets and liabilities of The Provincial Bank of Canada as at October 31, 1971 together with the statement of revenue, expenses and undivided profits and the statement of accumulated appropriations for losses for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the foregoing statements present fairly the financial position of the Bank as at October 31, 1971 and its revenue, expenses and undivided profits and accumulated appropriations for losses for the year ended on that date.

Auditors

Guy Chabot, C.A.,
of Raymond, Chabot, Martin, Paré et Associés

Godfrey Gourdeau, C.A.,
of LaRue, Gourdeau et Associés

Montréal, November 24, 1971

liabilities	1971	1970
Deposits by Canada	$ 42,364,374	$ 12,117,539
Deposits by provinces	9,043,601	7,217,452
Deposits by banks	124,870,345	8,422,302
Personal savings deposits payable after notice, in Canada, in Canadian currency	538,220,882	476,326,226
Other deposits	576,589,279	475,493,715
	1,291,088,481	979,577,234
Acceptances, guarantees and letters of credit	51,725,408	57,086,844
Other liabilities	2,958,756	3,586,741
Accumulated appropriations for losses	14,392,751	12,162,527
Debentures issued and outstanding (7½ %, May 15, 1977)	15,000,000	—
Capital Authorized – 10,000,000 shares of $2. each $20,000,000		
Paid up – 5,200,000 shares issued and fully paid	10,400,000	10,400,000
Rest account	30,000,000	25,000,000
Undivided profits	487,108	127,058
	$1,416,052,504	$1,087,940,404

Raymond Primeau,
Vice-President and
General Manager

Léo Lavoie,
President

statement of revenue, expenses and undivided profits

for the financial year ended October 31, 1971

	1971	1970
REVENUE		
Income from loans	**$65,993,472**	$57,446,437
Income from securities	**15,024,168**	15,453,641
Other operating revenue	**9,234,977**	8,982,360
Total revenue	**90,252,617**	81,882,438
EXPENSES		
Interest on deposits and debentures	**41,337,313**	40,283,193
Salaries, pension contributions and other staff benefits	**19,940,570**	17,796,149
Property expenses, including depreciation	**6,161,086**	5,303,705
Other operating expenses, including provision for losses on loans based on five-year average loss experience	**7,385,598**	5,780,992
Total expenses	**74,824,567**	69,164,039
Balance of revenue	**15,428,050**	12,718,399
Appropriation for losses	**6,550,000**	4,750,000
Balance of profits before income taxes	**8,878,050**	7,968,399
Provision for income taxes relating thereto	**4,450,000**	4,120,000
Balance of profits for the year	**4,428,050**	3,848,399
Dividends	**3,068,000**	2,678,000
Amount carried forward	**1,360,050**	1,170,399
Undivided profits at beginning of year	**127,058**	656,659
Transfer from accumulated appropriations for losses	**4,000,000**	—
Total	**5,487,108**	1,827,058
Transferred to Rest account	**5,000,000**	1,700,000
Undivided profits at end of year	**$ 487,108**	$ 127,058

statement of accumulated appropriations for losses

for the financial year ended October 31, 1971

	1971	1970
Accumulated appropriations at beginning of year (bracketed amounts are deductions)		
General appropriations	**$ 7,776,333**	$11,123,640
Tax-paid appropriations	**4,386,194**	1,763,493
Total	**12,162,527**	12,887,133
Appropriation from current year's operations	**6,550,000**	4,750,000
Loss experience on loans less provision included in other operating expenses	**44,894**	(221,210)
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market	**1,701,491**	(1,322,156)
Other profits, losses and non-recurring items, net	**(6,161)**	(541,240)
Provision for income taxes	**(2,060,000)**	(3,390,000)
Transferred to undivided profits	**(4,000,000)**	—
Accumulated appropriations at end of year		
General appropriations	**11,472,924**	7,776,333
Tax-paid appropriations	**2,919,827**	4,386,194
Total	**$14,392,751**	$12,162,527

statement of rest account

for the financial year ended October 31, 1971

	1971	1970
Balance at beginning of year	**$25,000,000**	$23,300,000
Transferred from undivided profits	**5,000,000**	1,700,000
Balance at end of year	**$30,000,000**	$25,000,000

pro-can realties limited
controlled corporation

balance sheet

as at October 31, 1971

assets

Rent receivable		$ 187,000
Land and buildings at cost, less depreciation		5,343,529
		$5,530,529

liabilities

The Provincial Bank of Canada	$ 926,776	
Accrued bond interest	93,500	
Current portion of long-term debt redeemable November 1st, 1971	100,000	
Provision for income taxes	340	$1,120,616
First mortgage sinking fund bonds – Series "B" – 5½ % maturing November 1st, 1986	3,400,000	
Less: Sinking fund payment due November 1st, 1971	100,000	3,300,000
CAPITAL STOCK		
PREFERRED – Redeemable, non participating, non cumulative dividends – 4½ % Authorized and issued: 10,000 shares of $100 each	1,000,000	
COMMON Authorized and issued: 1,000 shares of $100 each *(Note)*	100,000	
	1,100,000	
RETAINED EARNINGS	9,913	1,109,913
		$5,530,529

Note
The Provincial Bank of Canada owns the entire capital stock of Pro-Can Realties Limited with the exception of the directors' qualifying shares. It is carried on the books of the Bank at $1,099,400.

Auditors' report to the shareholders

We have examined the balance sheet of Pro-Can Realties Limited as at October 31, 1971. We have obtained all the information and explanations that we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, this balance sheet presents fairly the financial position of the company as at October 31, 1971, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Auditors

Guy Chabot, C. A.,
of Raymond, Chabot, Martin, Paré et Associés

Godfrey Gourdeau, C. A.,
of LaRue, Gourdeau et Associés

Montréal, November 24, 1971

five-year statistical review

thousands of dollars	1971	1970	1969	1968	1967

condensed statement of assets and liabilities

ASSETS					
Cash resources	**$ 249,294**	$ 108,191	$109,021	$ 76,582	$ 83,452
Securities	**282,686**	259,053	174,375	179,089	155,518
Call loans	**51,621**	45,860	22,582	39,825	20,172
Other loans	**763,169**	602,834	524,212	446,150	367,988
Bank premises	**11,891**	10,673	7,742	7,428	6,842
Other assets	**57,392**	61,329	43,172	9,662	8,483
Total assets	**$1,416,053**	$1,087,940	$881,104	$758,736	$642,455

LIABILITIES					
Deposits	**$1,291,089**	$ 979,577	$795,447	$712,437	$600,832
Letters of credit and other liabilities	**54,684**	60,673	43,054	6,342	4,872
Accumulated appropriations for losses	**14,393**	12,163	12,268	10,625	8,226
Debentures issued and outstanding	**15,000**	—	—	—	—
Shareholders' equity	**40,887**	35,527	30,335	29,332	28,525
Total liabilities	**$1,416,053**	$1,087,940	$881,104	$758,736	$642,455

statement of revenue, expenses and undivided profits

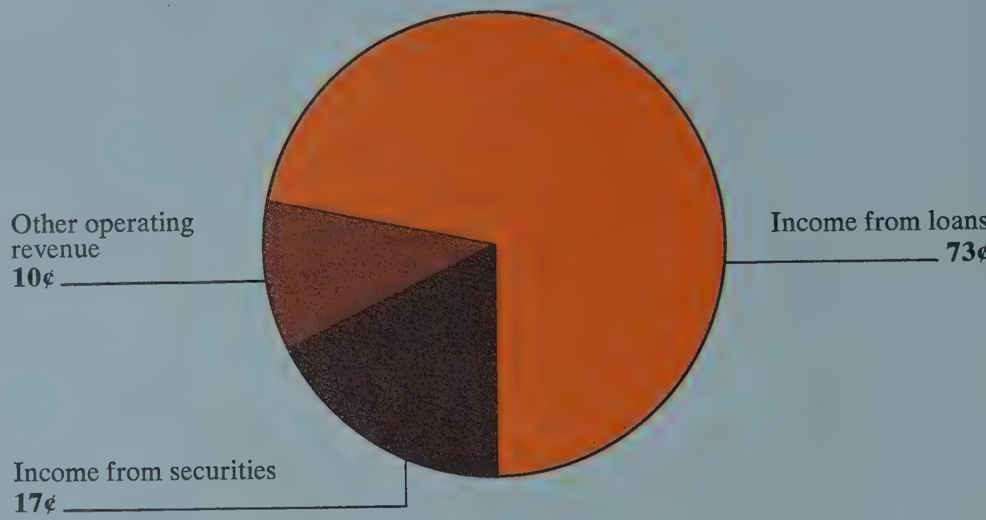
REVENUE					
Income from loans	**$ 65,994**	$ 57,446	$ 43,587	$ 32,200	$ 24,867
Income from securities	**15,024**	15,454	10,760	9,502	7,568
Other operating revenue	**9,235**	8,982	8,419	7,397	6,752
Total revenue	**90,253**	81,882	62,766	49,099	39,187

EXPENSES					
Interest	**41,337**	40,283	27,055	19,319	13,951
Salaries, etc.	**19,941**	17,796	14,714	12,995	11,364
Property expenses	**6,161**	5,304	4,490	3,913	3,448
Other operating expenses	**7,386**	5,781	5,344	4,735	4,068
Total expenses	**74,825**	69,164	51,603	40,962	32,831
Balance of revenue	**15,428**	12,718	11,163	8,137	6,356
Appropriation for losses	**6,550**	4,750	4,450	2,600	1,520
Balance of profits before income taxes	**8,878**	7,968	6,713	5,537	4,836
Provision for income taxes	**4,450**	4,120	3,460	2,840	2,450
Balance of profits	**4,428**	3,848	3,253	2,697	2,386
Dividends	**3,068**	2,678	2,250	1,890	1,665
Amount carried forward	**1,360**	1,170	1,003	807	721
Undivided profits at beginning of year	**127**	657	131	125	104
Transfer from accumulated appropriations for losses	**4,000**	—	—	—	—
Total	**5,487**	1,827	1,134	932	825
Transferred to Rest Account	**5,000**	1,700	1,000	800	700
Undivided profits at end of year	**$ 487**	$ 127	$ 134	$ 132	$ 125

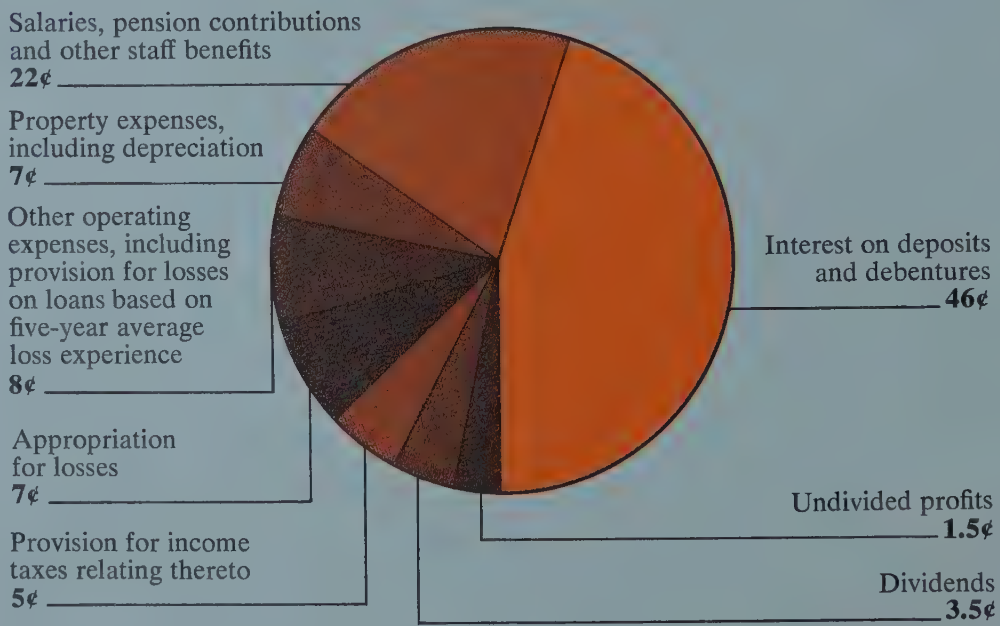
Net earnings per share	**85¢**	74¢	72¢	60¢	53¢
Dividends per share	**59¢**	54¢	50¢	42¢	37¢
Number of employees	**3,183**	2,987	2,594	2,497	2,407
Number of branches	**263**	253	219	211	205

the 1971 revenue dollar

its sources



its distribution



report of the vice-president and general manager

Mr. Raymond Primeau

The growth of the Bank's assets and profits which I submit to you today has been accomplished in the context of an expansionary monetary policy. Geared to economic recovery, the purpose of this policy was to augment the liquidity of the banks in order to encourage their lending activities, and furthermore, to stimulate exports by maintaining an appropriate exchange rate for the Canadian dollar. To achieve this goal, the increase in the money supply has of necessity been maintained during the year, with a corresponding reduction of interest rates.

Some figures should be mentioned. Money supply increased at an average annual rate of about 15%, while Bank Rate dropped from 6½% at the beginning of our financial year to 5¼% by the end of February, 1971, with a further decline to 4¾% on October 25 last. Concurrently, chartered banks gradually reduced their prime rate from 7½% to 6%. Other interest rates moved in the same general direction, obviously with more or less significant variations of their own.

This expansionary monetary policy, while encouraging a rapid growth of bank assets, has also put some pressure on their profit margins, the more so as economic growth has certainly not shown the hoped-for recovery. Consequently, the results for the 71st financial year of the Bank ended October 31, 1971 show evidence of vigorous action on our part.

The Growth of the Bank

The balance sheet shows total assets of $1,416,052,504 at the end of the financial year, compared to $1,087,940,404 at the end of the preceding year, a 30.2% increase.

At the end of 1966, the assets of the Provincial Bank amounted to $575,484,000; therefore, they have nearly tripled during the last five years. This rapid rate of progress has its counterpart in the Bank's profitability; for each of the five last years, our ratio of operating profits (or balance of revenue) to average assets has been high. For the financial year just ended, this ratio is 1.3%. It is thus justified to speak of balanced growth. Adequate size has become an essential condition

of survival in the world of finance and the Bank's rapid evolution shows its capacity to meet this challenge.

Loans and Investments

The prime responsibility of the Bank is to participate in the economic development of the regions in which it is established, including specifically those areas less favored by current economic trends. The Bank discharges this responsibility by an appropriate allocation of the means at its disposal: loans in all categories and investments in bonds and shares.

Among the Bank's assets, loans and securities combined are split over these two categories in the proportion of four to one. In absolute figures, our loan portfolio equaled $814,790,112 at the end of the fiscal year compared to $648,693,244 last year while the total of our investments in securities amounted to $282,685,570 at October 31, 1971, compared to $259,053,578 in 1970. This distribution of our assets is based on the premise that the success of a commercial bank depends above all on the importance and diversity of its loan portfolio.

This year, consumer spending, aided by an exceptionally strong performance of residential construction, has been the driving force of economic activity, overshadowing the industrial and commercial sectors. An analysis of our various loan categories bears this out.

Our loans to consumers have increased by 41% during the financial year and have now reached $141,905,918. After a slow start in the first quarter, demand picked up considerably. The "take-off" of budget loans indicates that the Bank has successfully tailored its procedures to the needs of well-informed customers who wish to benefit from what our consumer-oriented society has to offer.

Mortgage loans, including those granted under the National Housing Act, totalled $74,902,876 at year end, compared to $60,263,929 a year earlier, an increase of $14,638,947. The Bank thus makes financial resources available for an economic goal of great social import.

The total of our business loans is $646,385,910, or $143,623,656 more than a year ago. Our financial participation in projects eligible for federal and provincial aid under regional development programs has become significant. We are thus vigorously pursuing the objectives which we set ourselves in recent years.

Our loans to municipalities and school commissions added up to $77,572,270 at the end of our fiscal year. Québec's school boards will be reorganized, under

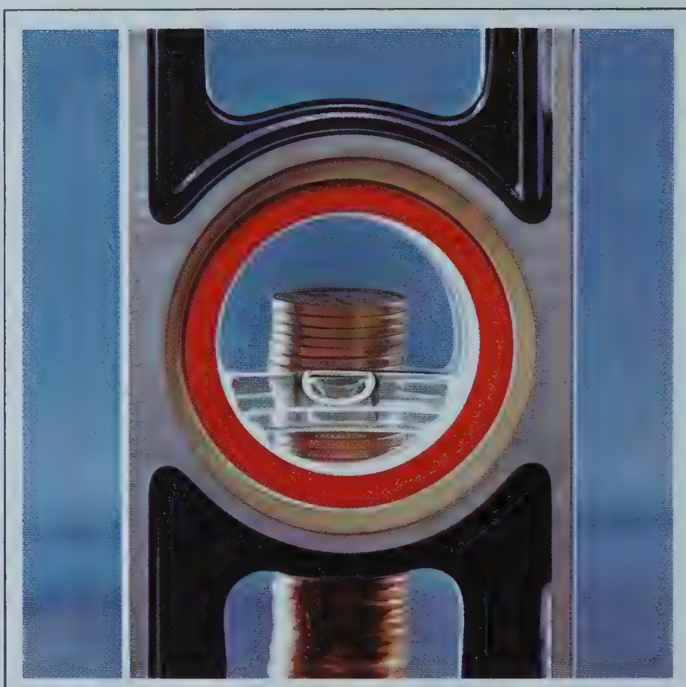
the proposed Bill 27, to form a smaller number of much larger units, who can count on our continued cooperation.

Our Premises
The expansion of the Bank calls for considerable investments in real estate and for sizeable expenditures related to the opening, renovation or maintenance of branches to keep our network up-to-date. Fixed assets, including those of Pro-Can Realties Limited, came to $17,234,095 on October 31, 1971, against $16,162,369 in 1970. Expenditures for branch expansion rose by 16.2% to $6,161,086 in 1971, which is $857,381 above 1970. The extension of our branch network and the never-ending program of modernization are the principal reasons for these higher outlays.

This year, we have opened 10 new branches in the following locations: Shediac in New Brunswick, Ville d'Anjou, Saint-Jean, Sainte-Adèle, Sept-Îles, Thetford-Mines, Nitro and Laval in Québec, Ottawa and Toronto in Ontario. In addition, we have converted our agency at Saint-Joseph in New Brunswick into a branch and closed a branch at Mont-Rolland in Québec. On October 31, 1971, our network comprised 263 branches, of which 17 are located in New Brunswick, 2 in Prince Edward Island, 221 in Québec, and 23 in Ontario. Counting our 47 agencies, we are now represented in 310 different locations.

Deposits
At the end of the financial year, our deposits in Canadian dollars passed the milestone of $1 billion and stand now at $1,110,726,600, against $959,875,716 in 1970, an increase of 15.7%. Personal savings deposits, at $538,220,882, remain by far the most important category and our promotional activities take this into account. For example, during the year our personnel participated in a campaign entitled "Contact 20 Plus" aimed at acquainting potential customers with the advantages of a savings account at the Provincial Bank. The results have been gratifying.

Notwithstanding the gradual decline of interest rates during the period, competition between financial institutions to attract deposits from the public



remained keen. At all times, especially as regards certificates of deposit and term deposits, we had to keep interest rates sufficiently attractive to retain clients approached by competitors.

During the year, deposits in foreign currencies rose substantially to $180,361,881, against a previous high of $32 million. This increase is, amongst others, the result of our entry in the euro-dollar market and reflects largely deposits by foreign banks. Our International Banking Division has thus contributed significantly to the increase of 31.8% in the total of our deposits, which moved from $979,577,234 in 1970 to $1,291,088,481 at October 31, 1971.

Last year, we announced the opening of a representative office in New York. Continuing the efforts to expand our international business, we have reorganized our International Department. The first results of these moves are seen, not only in the growth of our foreign assets and liabilities, but also in the rising income from international exchange transactions. We foresee an increasingly active role for the Bank in the field of international finance.

Revenues, Expenditures and Balance of Revenue
Income from loans increased by 14.9% over last year and reached $65,993,472; income from investments declined by 2.8% and amounted to $15,024,168. The notable decline of interest rates during the year, affecting loans as well as investments, has been more than offset by the growth of our loan portfolio. Other types of income add up to $9,234,977, a rise of 2.8%. The total of our revenues rose by 10.2% and amounted to $90,252,617 at year end.

On the expenditure side, interest paid to depositors was also affected by the downtrend, which explains why the total of interest paid increased by 2.6% only, notwithstanding a rise of 31.8% in the volume of deposits. The cost of attracting funds is by far the most important element of all expenditure categories, making up 55.2% of the total.

Salaries and staff benefits rose from $17,796,149 during the preceding year to $19,940,570 in 1971, an increase of 12%. Conscious that the future of an enterprise depends above all on its personnel, the Bank recognizes the importance of reviewing salary levels and fringe benefits which this year amounted to 26.6% of total expenditures. Property expenses took 8.2% of total spending, with the remainder representing various cost elements. Total expenditures thus add up to $74,824,567, compared to

$69,164,039 in 1970, an increase of 8.2%. We have therefore succeeded in keeping the rise of our expenditures below the increase in our revenues.

Balance of revenue, or operating profits, amounted to $15,428,050 against $12,718,399 for the preceding year, or higher by 21.3%. Excellent financial results are a yardstick of efficiency; they also carry to shareholders, managers and employees a solid assurance of the dependability of our institution.

Profits, Dividends and Shareholders' Equity

After allocating an amount of $6,550,000 to accumulated appropriations for losses and after deduction of income taxes, we are able to report net profits of $4,428,050. This is 85 cents per share, against 74 cents last year. Dividends paid out to shareholders reached $3,068,000, or 59 cents per share, up from 54 cents in 1970. Our balance of revenue made possible the transfer of $1,000,000 to the rest account, with an additional $4,000,000 transferred from tax-paid appropriations. As a result of this $5,000,000 increase, the rest account has reached $30,000,000. Shareholders' equity in the Provincial Bank, which in addition includes paid-up capital and undivided profits, consequently stands now at $40,887,108. Accumulated appropriations for losses have risen from $12,162,527 to $14,392,751 of which $11,472,924 are included in general appropriations and $2,919,827 in tax-paid appropriations.

In 1971, the Bank has, for the first time in its history, issued debentures. To recall the principal features of this transaction: the issue amounts to $15,000,000, carries an interest rate of 7½%, and matures on May 15, 1977. These debentures are non-callable, but extensible at holder's option to May 15, 1991. The issue has been well received and as a result of its broader financial base, the Bank should be able to maintain its rapid growth rate in the years to come.

Modern Management

It is now several years ago already that the Bank started to introduce advanced management techniques, following three basic principles: decentralized operations, computerized data processing, and the development of a marketing program.

Seven years ago, we reorganized our operations along regional lines, in the belief that such a decentralization would promote efficiency. Eight regional offices have been established, each responsible for about thirty branches. Four of these offices are located at Head Office in Montréal, two are in Québec City, one is situated in Windsor, Ontario and another in Moncton, in the Atlantic Provinces. This set-up has served us well and is flexible enough to allow for expansion as required.

An electronic data processing system is being installed that will put all our branches in Greater Montréal "on line" to a central computer. Thirty branches have already been connected and the number is growing by four branches a month on average. At the moment the terminals in our branches keep tabs on savings accounts; shortly, they will process our different categories of loans. Other operations will be added later in order to arrive at an integrated management information system. Specialized computer techniques confront us with new problems as regards systems and methods. Aware of this, we do not press for rapid transformation; we prefer "to make haste slowly".

In marketing, the two principal components of our program — advertising and public relations — have been used to present to the public the image of an innovative bank. We believe that the Bank has made enough headway to substantiate this claim. We are pleased that our message has been well received. This is because innovation at the Bank is not just a front, but a state of mind governing our daily activities. Thus, we have this year increased the staff of our Department of Economic Research, which was created in 1968, and we have started public distribution of a bi-monthly economic bulletin.

Shareholders are already familiar with this review, which will make a contribution of its own to the work of economic analysis going on everywhere.

At a time when we are expanding our operations outside Québec, it becomes necessary for the Bank to extend its contacts with large corporations and government departments and to make itself better known among the Canadian population in general. Consequently, we have decided to give more importance to external relations. The penetration of these new spheres of operation is a vital step in the evolution of the Bank and I am happy to note that we enjoy good standing everywhere.

Personnel

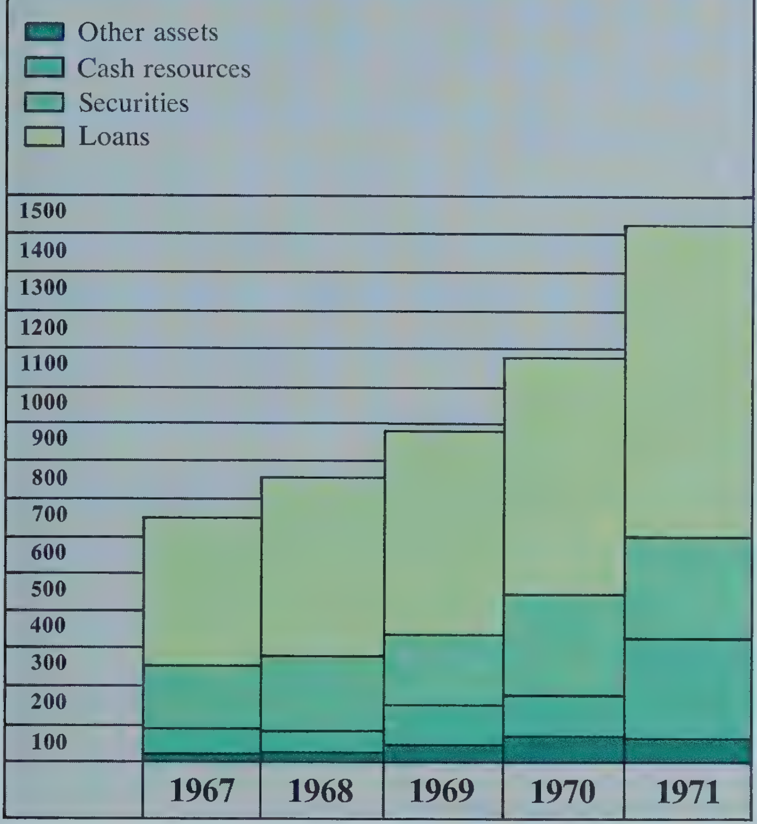
To ensure the expansion of the Bank, we make the quality of our staff a prime concern. We are convinced that an appropriate personnel strategy — recruiting, education, and remuneration — matters as much in business today as the traditional key functions such as credit or budgetary control. To encourage a spirit of initiative and responsibility, to set objectives at all levels, such are the principles that guide us. Our management development program is conducted at three levels: "in house" seminars in the techniques of banking, then the courses of the Institute of Canadian Bankers, and finally, seminars in organization planning and management development. We try to give our employees every opportunity to improve their knowledge and to put this knowledge to work. I should like today to pay tribute to the vigor with which our staff has performed its task and to their keen response to management development. The success we have had in recent years is in large measure the result of the spirit of initiative shown by the Bank's staff.

The strength of our personnel has grown from 2,987 to 3,183 during the year. With business growing, new branches opening up, new departments making their appearance, advanced management tools being forged, the Bank offers more and more opportunities to ambitious young people able to meet high standards of performance. In economic terms, the Provincial Bank has last year opened up 196 new and promising jobs in a dynamic sector of business.

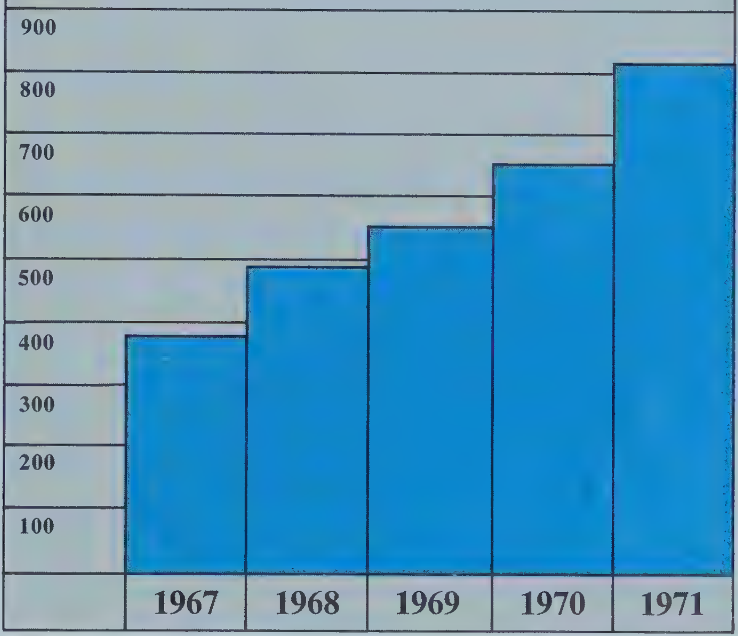
Ladies and Gentlemen, I believe the foregoing represents a faithful picture of the present condition of your Bank, and I hope it is worthy of the confidence you have given us. At a moment when the Canadian business outlook is difficult to forecast, and when so many important tasks have to be accomplished, I should like to repeat that the support of shareholders is indispensable to us. Without it, we could not have achieved the rapid progress that we have known.

record of growth

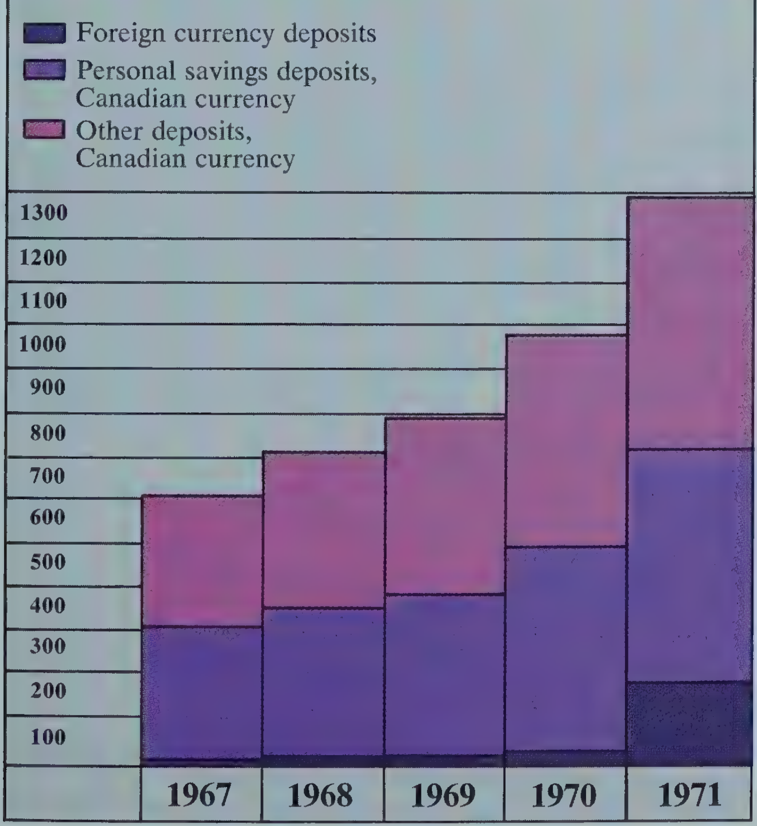
assets (in millions of dollars)



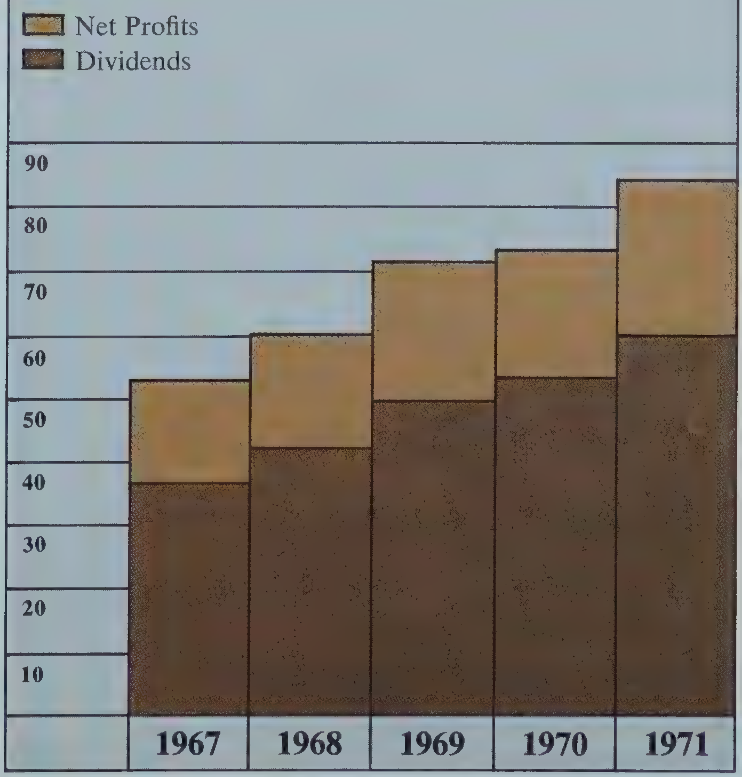
loans (in millions of dollars)



deposits (in millions of dollars)



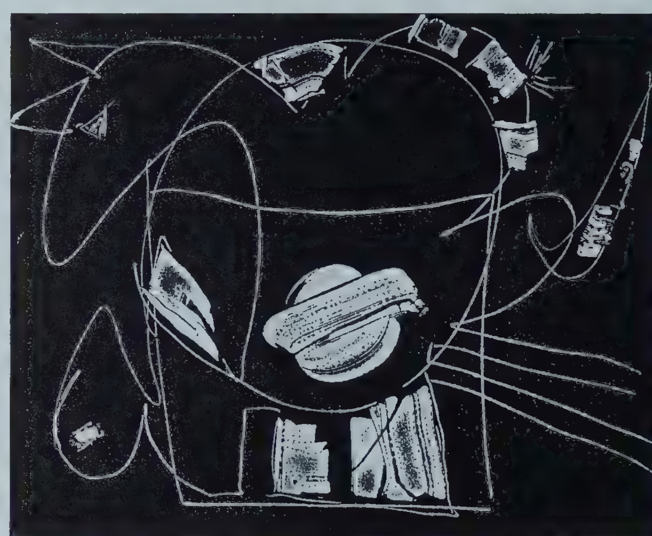
net profits (per share) dividends (per share)



collection of prints

In June 1971, the Bank decided to start an art collection (lithographs, etchings, serigraphs) composed mostly of works by Canadian artists. A fair number of acquisitions have already been made, and it will be interesting to watch the collection grow in number and variety during the years to come.

The Bank will thus do its part to promote the art of engraving in Canada, encourage the development of new talent and spread the appreciation of this art form among the general public. As the collection gradually expands, management plans to organize each year public exhibitions throughout the Province and also outside Québec. This decision should be welcome to all Canadian artists who have chosen engraving as their medium and to a public more and more appreciative of quality in the visual arts. Finally, the personnel of the Bank will be involved in this undertaking and participate in it, because a large number of engravings will serve to decorate branches and head office departments, while some branches will be called upon to house travelling exhibits.



Why did the Bank decide to choose prints? Several reasons may be advanced. It is known that large corporations and numerous private art lovers have amassed notable collections of paintings and sculptures. On the other hand, lithographs, engravings and serigraphs do not appear to have received similar attention. The Bank is thus able to take an initiative that is original. Moreover, while engravings can be obtained at relatively moderate cost, paintings are generally more expensive and could even represent an investment of funds of such magnitude that an institution or corporation would hesitate, for numerous reasons, to subsequently donate part of its collection. Finally, engraving has merits of its own. Its very procedures reduce the distance that always separates the original from a copy, even an excellent copy. For instance, the first print of an engraving is no closer to the original than the last. Through engraving, simultaneous presentation of a single work of art in different locations becomes possible. It is thus closer than painting to the modern images projected by movies or television. This enlarges the contact between artist and public, and spreads the message of art in ever-widening circles.

To start the collection and to guide its growth, the Bank has requested Mr. François Gagnon, professor of the Department of art history in the Faculty of Arts at the University of Montreal, to act as artistic adviser.

The artists whose works are represented among the first acquisitions for the collection are the following:

F. d'Allégret, P.V. Beaulieu, K. Bruneau, Claude Dulude, Albert Dumouchel, Sarah Gersovitz, Roland Giguère, J. Hurtubise, Richard Lacroix, Jean-Paul Lemieux, Rita Letendre, A. Montpetit, Alfred Pellan, Gaston Petit, Moe Reinblatt, J.-P. Riopelle, Ghitta Caiserman Roth, René De Rouin, Robert Savoie, Henry Saxe, David Silverberg, T. Steinhouse, P. Tétreault, Fernand Toupin, Gérard Tremblay.

The Bank's collection has also been enriched by albums and books illustrated by Canadian painters of note, among which "The Water Hen" by Gabrielle Roy, illustrated by Jean-Paul Lemieux, and the album of costumes designed by Alfred Pellan for Shakespeare's "Twelfth Night".

Upon learning that the Bank has decided to start an art collection and to organize exhibitions for the benefit of the public, some people might question whether such an initiative is well-founded. Is the Bank moving into alien territory? The president of a large corporation in Canada has replied to similar objections in the following terms:

"The yard-stick on how a company is evaluated is no longer judged just on its profitability, but rather on how the company operates in a total community environment as a social citizen.

Today as never before, people living in a community expect large corporations to be more than just business-making propositions. They expect them to do things for the society in which they live."

K. Bruneau's *Cheval*

J. Hurtubise's *Milli*

branches

QUÉBEC

MONTRÉAL AND SUBURBS

Montréal
201 Saint-Jacques Street. *J.-P. Normandin*
2675 Beaubien Street East. *R. Caron*
4250 Beaubien Street East. *T. Zimanyi*
5100 Beaubien Street East. *P.-M. Trottier*
1100 Bélanger Street East. *G. A. Lacouture*
3255 Bélanger Street East. *R. Iorio*
200 Bernard Avenue West. *R. Roy*
5635 Côte-Saint-Luc Road. *A. Malfara*
3538 de Lorimier Avenue. *J. Roy*
1390 Fleury Street East. *A. Durnin*
2201 Fleury Street East. *E. Ladouceur*
2175 Frontenac Street. *Y. Poirier*
C .N. R. Central Station. *J. Lamontagne*
5990 Gouin Boulevard West. *G.-Y. Morin*
11244 Gouin Boulevard East. *J. Denis*
500 Henri-Bourassa Boulevard East. *G. Barbeau*
665 Jarry Street West. *A. Lazic*
2101 Jean-Talon Street East. *F. Spina*
855 Jean-Talon Street West. *R. Rivard*
1909 Laurier Avenue East. *R. Tremblay*
3244 Masson Street. *J. Lesage*
6150 Monk Boulevard. *R. Desrochers*
1396 Mont-Royal Avenue East. *E. Gagnon*
1 Notre-Dame Street West. *E. Bertrand*
2441 Notre-Dame Street West. *B. Lemay*
4440 Notre-Dame Street West. *J. Caron*
520 Ogilvy Avenue. *S. Daigle*
1346 Ontario Street East. *P.-A. Malo*
3401 Ontario Street East. *R. Pichette*
4685 Park Avenue. *T. Constantinidis*
9101 Pie-IX Boulevard. *H. Bannout*
772 Rachel Street East. *F. Bourbonnais*
801 Sainte-Catherine Street East. *F. Brisebois*
1900 Sainte-Catherine Street East. *N. Hotte*
4137 Sainte-Catherine Street East. *R. Huard*
680 Sainte-Catherine Street West. *P. Laflamme*
4494 Saint-Denis Street. *R. Mongeau*
7130 Saint-Denis Street. *J. Malfara*
8305 Saint-Denis Street. *A. Robichaud*
6420 Saint-Hubert Street. *J.-P. Ducharme*
8060 Saint-Hubert Street. *R. Deschamps*
3850 Saint-Laurent Boulevard. *E. A. Doyon*
8631 Saint-Laurent Boulevard. *J.-L. Lacasse*
8060 Saint-Michel Boulevard. *J.-G. Tardif*
9048 Saint-Michel Boulevard. *L. Pellegrino*
5355 Sherbrooke Street West. *M. Forest*
5702 Sherbrooke Street East. *P. Denoncourt*
8670 Sherbrooke Street East. *J.-C. Pelletier*
3543 Van Horne Avenue. *R. Chauvin*
4765 Van Horne Avenue. *J. Pelletier*
3701 Villeray Street. *J. Desjardins*

Anjou (Ville d')
7059 Jarry Street East. *R. Leclerc*

Lachine
1515 Notre-Dame Street. *F. Fichaud*

LaSalle
584, 90e Avenue. *F. Lavigne*
1447 Shevchenko Boulevard. *A. Assaad*

Laval
Chomedey Ward
395 Cartier Street (Laval-des-Rapides). *G. Fortin*
967 Hôtel-de-Ville Boulevard
(Sainte-Dorothée). *L. Lauzon*
201 Labelle Boulevard. *R. Laferrière*
1500 Labelle Boulevard. *D. Massé*
Duvernay Ward
1950 de la Concorde Boulevard,
Galeries Papineau. *G. Bédard*
2765 de la Concorde Boulevard.
G. J. Archambault
38 des Laurentides Boulevard
(Pont-Viau). *R. L'Archevêque*
1 place Laval. *S. Bouchard*
Sainte-Rose Ward
205 Sainte-Rose Boulevard. *R. Nadon*

Longueuil
1667 Chambly Road. *P. Armand*
582 Sainte-Foy Boulevard. *G. Dagenais*
165 Saint-Jean Street. *G. Desmarais*

Montréal-Nord
4983 Charleroi Street. *G. Babin*
3570 Henri-Bourassa Boulevard East. *G. Latour*
6015 Henri-Bourassa Boulevard East.
R. C. Marchand
10202 Saint-Michel Boulevard. *A. Scandale*

Outremont
1051 Laurier Avenue West. *P. Bleau*

Pointe-aux-Trembles
1205 Saint-Jean-Baptiste Boulevard. *D. Demers*

Roxboro
10415 Gouin Boulevard West. *G. Francis*

Saint-Laurent
185 Côte-Vertu Road. *P. Paquette*
795 Décarie Boulevard. *R. Rousseau*

Saint-Léonard
5281 Jean-Talon Street East. *G. Côté*
8450 Lacordaire Boulevard. *U. Poirier*
5900 Métropolitain Boulevard. *A. Bérard*

Verdun
5364 Bannantyne Avenue. *M. St-Pierre*
4014 Wellington Street. *P. Pigeon*

QUÉBEC AND SUBURBS

Québec
499, 4e Avenue. *G. Range*
595, 3e Avenue. *R. Turcotte*
1138, 3e Avenue. *R. Dionne*
1797, 1re Avenue. *M. Bernier*
3265, 1re Avenue. *G. A. Rochette*
405 est, boulevard Charest. *F. White*
2, rue de la Fabrique. *R. Gauthier*
250 ouest, Grande-Allée. *J. Girard*
684 est, Grande-Allée. *A. Girard*
230, rue Marie-de-L'Incarnation. *G. Matte*
2100, boulevard Père-Lelièvre. *J.-Y. Robert*
1510, 18e Rue. *R. Bélanger*
1950, 18e Rue. *R. Giguère*
295, chemin Sainte-Foy. *V. Tardif*
1385, chemin Sainte-Foy. *P. Demers*
399, rue Saint-Jean. *G.-H. Leclerc*
1161, rue Saint-Jean. *M. Leblond*
8 ouest, rue Saint-Joseph. *G. Ruel*
203 est, rue Saint-Joseph. *M. Pouliot*
545 est, rue Saint-Joseph. *Mlle H. De Blois*
700 est, rue Saint-Joseph. *H. Massé*
54, rue Saint-Pierre. *R. Naud*
218 ouest, rue Saint-Vallier. *Y. Boucher*

Beauport
655, avenue Royale. *A. Pouliot*

Charlesbourg
4785, 1re Avenue. *J.-E. Lavoie*
6580, 1re Avenue. *M. Plante*

Lévis
35, avenue Bégin. *A. Faber*
111, rue Commerciale. *G. Labrecque*
3 est, Trans-Canada (Rond-Point). *G. Bérubé*

Loretteville
278, rue Racine. *G. Potvin*

Sainte-Foy
1009, route de l'Église. *M. Couture*
1146, avenue Fournier. *J. Doyon*
853, avenue Myrand. *R. Parent*
2140, chemin Sainte-Foy. *C. Blais*
2925, chemin Sainte-Foy. *A. Bernier*

Sillery
1354, avenue Maguire. *J.-M. Lapointe*
911 ouest, boulevard Saint-Cyrille. *L. Careau*
1160, chemin Saint-Louis. *G. Morneau*

Vanier
260, avenue Rousseau. *Y. Boivin*

OTHER BRANCHES IN QUÉBEC

Amqui. *A. Michaud*
Asbestos. *M. René*
Aylmer. *J. Leduc*
Baie Comeau. *J. Lizotte*
Baie Saint-Paul. *N. Labonté*
Beauceville-est. *G. Hould*
Boucherville
526, boulevard Marie-Victorin. *Y. Toupin*
Buckingham. *R. Plante*
Cap Chat. *G. Bujold*
Causapscal. *L. Boulanger*
Charny. *J. Desroches*
Châteauguay-centre
264, boulevard d'Anjou. *J.-M. Lapointe*
Chicoutimi. *A. Lizotte*
Contrecoeur. *A. Lauzier*
Côteau-Landing. *P. Dion*
Danville. *S. Lapointe*
Dégelis. *G. Bélanger*
Disraéli. *J.-M. Huot*

Drummondville
226, rue Hériot. *D. Bourbonnière*
461, rue Lindsay. *G. Chapdelaine*
229, rue Saint-Marcel. *C. Séguin*

Gatineau. *A. Charron*
Gentilly. *J.-G. Renaud*
Granby. *G. Brière*
Greenfield Park
340, rue Gladstone. *R. Roux*
Hauterive. *R. Saintonge*

Hull
200, rue Champlain. *G. Caron*
161, rue Principale. *J. Gagnon*
745, boulevard Saint-Joseph. *W. Lalonde*

Joliette. *Y. Granger*
Jonquière. *D. Mailloux*
Labelle. *M. Danis*

Lac Etchemin. *C. Rhéaume*
Lachute. *J. Bossé*
Lac Mégantic. *J. Bergevin*
La Malbaie. *C. Simoneau*
Laurentides. *J.-C. Loranger*
L'Épiphanie. *G. Archambault*
Louiseville. *R. Desbois*
Maniwaki. *J.-P. Lapointe*
Masson. *L. Careau*
Matane. *R. Aubé*
Montmagny. *R. Bellefleur*
Nicolet. *M. Laporte*
Nitro, Plaza K-Mart. *J.-L. Allard*
Notre-Dame-du-Lac. *J.-Y. Laforest*
Oka. *R. Cédras*
Papineauville. *J.-G. Lanctôt*
Pierreville. *P. Faucher*
Repentigny. *(Centre d'Achats). J.-G. Leclerc*
Rimouski. *A. Martineau*
Rimouski-est. *M. O. Paquet*
Rivière-Bleue. *J. Lévesque*
Rivière-du-Loup. *J.-L. Allard*
Rivière-du-Loup-Station. *G. Lévesque*
Sainte-Adèle. *M. Bourdon*
Saint-Agapitville. *G. A. Ouellette*
Sainte-Agathe-des-Monts. *R. Lacasse*
Saint-André-Avellin. *R. Durivage*
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Saint-Basile-le-Grand. *R. Turgeon*
Saint-Clet. *V. Thibodeau*
Sainte-Croix-de-Lotbinière. *J. Lavoie*
Saint-Donat. *B. Villeneuve*
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Saint-Hyacinthe
1605, rue des Cascades. *Y. Picard*
1690, rue Girouard. *G. Milot*

Saint-Jean, Place Saint-Jean. *F. Chalifoux*
Saint-Jean-Port-Joli. *J.-L. Drolet*
Saint-Jérôme. *S. L. De Carufel*
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Sayabec. *Y. Lapointe*
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350, rue Smith, Édifice Le Concorde. *J.-P. Lebel*
Shawinigan. *G. Robitaille*

Sherbrooke
451 King Street East. *L. Bouchard*
1405 King Street West. *G. Samson*
11 Wellington Street North. *A. Lebrun*

Sorel. *R. Messier*
Terrebonne. *R. Cousineau*
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110 nord, rue Notre-Dame. *R. Labbé*
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Tracy. *F. Grégoire*
Trois-Pistoles. *R. Dumas*

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